

Aurora Labs Ltd

ACN 601 164 505

**Special Purpose
Half-Year Financial Report
31 December 2015**

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CORPORATE INFORMATION

ACN 149 970 445

Directors

Mr Paul Kehoe
Mr David Budge
Mr Nathan Hedge
Mr David Parker
Mr Hendrikus Herman

Company secretary

Mr David Parker

Registered Address

Level 2, 100 Havelock Street
West Perth WA 6005
Telephone: (08) 9322 3400
Fax: (08) 9321 1057

Principal place of business

Shop 6, 102 – 104 Norma Road
Myaree WA 6056
Telephone: (08) 9330 8435
Email: enquiries@auroralabs3d.com

Solicitors

Jackson McDonald
Level 17, 225 St Georges Terrace
Perth WA 6000

Bankers

ANZ Bank
Riseley Centre
1/35 Riseley Street
Booragoon WA 6154

Auditors

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
Perth WA 6000

DIRECTORS' REPORT

The Board of Directors of Aurora Labs Ltd present their report on Aurora Labs Ltd ("Company" or "Aurora") for the half year ended 31 December 2015.

Directors

The names of directors who held office during or since the end of the interim period and until the date of this report are as follows. The Directors held office for the full half year unless specified below.

Paul Kehoe	Non-Executive Chairman	Appointed 11 April 2016
David Budge	Chairman & Managing Director	
Nathan Henry	Executive Director	Appointed 23 November 2015
David Parker	Non-executive Director, Company Secretary	Appointed 23 November 2015
Hendrikus Herman	Non-executive Director	Appointed 11 April 2016

Review of Operations

Principal Activities

The principal activity of the company during the period was research and development of 3D Metal Printers with the intention to commercialise and manufacture 3D Metal Printers.

During the period the Company continued to develop 3D printing designs, in particular the development of the Small Format Printer prototype, as well as concept designs for the Large Format Printer.

During the period the Company lodged Patents regarding it's 3D Metal Printer concepts and designs.

During the period the Company also made an additional one pre-sale of the Small Format Printer.

Significant events during the period

On 3 July 2015, 2,000,000 fully paid ordinary shares were issued at \$0.01 to raise \$20,000.

On 6 November 2015, 3,382,500 fully paid ordinary shares were issued at \$0.0266 to raise \$90,000.

On 13 November 2015, 375,833 fully paid ordinary shares were issued at \$0.0266 to raise \$10,000.

On 23 November 2015, Nathan Henry was appointed as an executive Director of the Company.

On 23 November 2015, David Parker was appointed as a non-executive director and Company Secretary of the Company, while David Budge resigned as Company Secretary on 23 November 2015.

On 23 November 2015, 5,657,000 Company Options exercisable at circa \$0.0532 on or before 31 December 2018 were issued for nil consideration.

On 2 December 2015, 2,818,750 fully paid ordinary shares were issued at \$0.0266 to raise \$75,000.

On 15 December 2015, 2,818,750 fully paid ordinary shares were issued at \$0.0266 to raise \$75,000.

DIRECTORS' REPORT (continued)**Significant events during the period (continued)**

On 18 December 2015 the Company held a General Meeting of shareholders. At this General Meeting, there were the following special resolutions approved by Shareholders.

- To change from a proprietary company limited by shares (Aurora Labs Pty Ltd) to a public company limited by shares (Aurora Labs Ltd).
- The Company adopted a new Constitution;
- A consolidation of capital;
 - The number of fully paid ordinary shares on issue was reduced from 122,145,833 to 32,500,000 fully paid ordinary shares, effective 18 December 2015.
- The approval to issue 20,000,000 Performance Shares on a pro-rata basis to existing shareholders
 - The issue of 20,000,000 Performance Shares on a pro-rata basis to existing shareholders as per the above point and recorded in the register on 31 December 2016 as follows:
 - 6,000,000 Class A Performance Shares
 - 6,675,000 Class B Performance Shares
 - 7,500,000 Class C Performance Shares

On 31 December 2015, 2,530,000 (post consolidation) fully paid ordinary shares were issued at circa \$0.16 to raise \$404,800.

Significant events after the balance date

On 8 March 2016, 2,470,000 (post consolidation) fully paid ordinary shares were issued at circa \$0.16 to raise \$395,200.

On 8 March 2016, 2,000,000 (post consolidation) fully paid ordinary shares were issued at circa \$0.10 to raise \$200,000.

On 16 March 2016, a Notice of General Meeting was sent to Shareholders calling a meeting of shareholders to be held on 11 April 2016.

On 23 March 2016 the Company was converted to a public Company and ASIC changed the Company name to Aurora Labs Ltd.

On 11 April 2016 Messrs Paul Kehoe and Hendrikus Herman were appointed to the board as non-executive Chairman and non-executive Director respectively.

On 11 April 2016 the Company held a General Meeting of Shareholders to approve various resolutions in preparation for the proposed Initial Public Offering of securities and the issue of Company securities.

On 10 May 2016 the Company issued the following securities:

- 4,250,000 Options were issued for nil consideration on the same terms and conditions as existing Options, being exercisable at \$0.20 on or before 31 December 2018.
- 500,000 Shares issued for nil consideration, to Alto Capital or nominees as per the Alto Capital Mandate Agreement.
- 1,000,000 Performance Shares issued for nil consideration, to Alto Capital or nominees as per the Alto Capital Mandate Agreement, split between Class A, B & C Performance Shares as follows:
 - a. 300,000 Class A Performance Shares;
 - b. 337,500 Class B Performance Shares; and
 - c. 362,500 Class C Performance Shares.

Operating results for the period

The comprehensive loss of the Company for the financial period, after providing for income tax amounted to \$247,342.

Review of financial conditions

The Company had \$505,690 cash assets as at 31 December 2015.

DIRECTORS' REPORT (continued)

Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 7 and forms part of this directors' report for the half year ended 31 December 2015.

Signed in accordance with a resolution of the directors.



Mr David Budge

Managing Director

Dated this 19 May 2016

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Aurora Labs Ltd for the half year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.



Perth, Western Australia
19 May 2016

N G Neill
Partner

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	Notes	2015 \$
Continuing operations		
Other Income	3(a)	14
Research and development expenses	3(b)	(133,828)
Corporate expenses		(24,813)
Employee benefits		(94,279)
Other expenses		(86,865)
Loss before income tax benefit		<u>(339,771)</u>
Income tax benefit	4	92,429
Loss for the period		<u>(247,342)</u>
Loss attributable to members of the Company		<u>(247,342)</u>
Other comprehensive income, net of income tax		-
Total comprehensive loss for the period		<u>(247,342)</u>

The accompanying notes form part of these financial statements

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	Note	31 December 2015 \$	30 June 2015 \$
Assets			
Current Assets			
Cash and cash equivalents	7	505,690	48,133
Trade and other receivables		97,429	48,996
Total Current Assets		<u>603,119</u>	<u>97,129</u>
Non-Current Assets			
Property, Plant and Equipment		783	783
Intangible Assets		31,594	7,220
Total Current Assets		<u>32,337</u>	<u>8,003</u>
Total Assets		<u>635,496</u>	<u>105,132</u>
Liabilities			
Current Liabilities			
Trade and other payables	8	153,208	50,013
Pre-Payments	8	237,966	199,967
Total Liabilities		<u>391,174</u>	<u>249,980</u>
Net Assets/(Liabilities)		<u>244,322</u>	<u>(144,848)</u>
Equity			
Issued capital	5(a)	726,137	84,625
Reserves	5(b)	15,000	20,000
Accumulated losses		(496,815)	(249,473)
Net Equity (Deficiency)		<u>244,322</u>	<u>(144,848)</u>

The accompanying notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	Issued capital	Option reserve	Allotment Reserve	Accumulated Losses	Total equity
	\$	\$	\$	\$	\$
Balance at 1 July 2015	84,625	-	20,000	(249,473)	(144,848)
Equity issued during the period (net of share issue costs)	641,512	15,000	(20,000)	-	636,512
Loss for the period	-	-	-	(247,342)	(247,342)
Other comprehensive income for the period, net of income tax	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(496,815)	244,322
Balance at 31 December 2015	726,137	15,000	-	(496,815)	244,322

**STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	31 December 2015 \$
Cash flows from operating activities	
Payments to suppliers and employees	(225,352)
Interest Paid	(5,895)
Interest Received	14
Net cash (used in) operating activities	(231,233)
Cash flows from investing activities	
Payments for intangible assets	(24,374)
Net cash (used in) investing activities	(24,374)
Cash flows from financing activities	
Proceeds from issue of shares prepayment (net of capital raising costs)	621,512
Proceeds from pre-sold printers	37,998
Net proceeds from borrowings	53,654
Net cash provided by financing activities	713,164
Net increase in cash held	457,557
Cash and cash equivalents at the beginning of the period	48,133
Cash and cash equivalents at the end of the half year	505,690

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of members.

These half-year financial statements are special purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2015.

Basis of preparation

The half-year financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Significant accounting judgments and key estimates

The preparation of half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing this half-year financial report, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2015.

Going concern

The Company has a working capital surplus of \$211,945 as at 31 December 2015, and noting that the Company has cash reserves at the balance date of \$505,690, the Directors are of the opinion that the company is a going concern for the following reasons.

Subsequent to balance date, the Company raised \$595,200 of equity capital via an issue of ordinary shares at \$0.10 and \$0.16. The funds raised will be used to meet the ongoing working capital requirements of the Company. The Directors also anticipate that a further equity raising will be required and will be completed in 2016 which involves the planned Initial Public Offering of \$2,800,000 in equity capital. Should this equity raising not be completed, there exists conditions which may give rise to a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

NOTE 2: SEGMENT REPORTING

The Company only operated in one segment, being metal 3D printers.

NOTE 3: REVENUES AND EXPENSES

	31 December 2015 \$
(a) Other income	
Interest Received	14
Total	<u>14</u>
(b) Research and Development Expenses	
Engineering Services	88,364
Consumables	45,464
Total	<u>133,828</u>

NOTE 4: INCOME TAX

	31 December 2015 \$
(a) Income tax benefit	<u>92,429</u>
(b) Numerical reconciliation between tax-expense and pre-tax net loss	
(Loss) from ordinary activities	<u>(247,342)</u>
Income tax using the Company's domestic tax rate of 30%	(74,202)
Research & Development claim	92,429
Current period (loss) for which no deferred tax liability was recognised	<u>74,202</u>
Income tax benefit attributable to entity	<u>92,429</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

NOTE 5: ISSUED CAPITAL

	31 December 2015 \$	30 June 2015 \$
(a) Ordinary shares		
Balance at beginning of period	84,625	-
Shares issued	674,800	84,625
Less share issue costs	(33,288)	-
Balance at the end of the period	<u>726,137</u>	<u>84,625</u>
 <i>Movements in ordinary shares on issue</i>		
	No.	
Balance at beginning of period	110,750,000	
Shares issued on 3 July 2015	2,000,000	
Shares issued on 6 November 2015	3,382,500	
Shares issued on 13 November 2015	375,833	
Shares issued on 2 December 2015	2,818,750	
Shares issued on 15 December 2015	2,818,750	
<i>Sub Total</i>	<u>122,145,833</u>	
Less Share Consolidation effective 18 December 2015	<u>(89,645,833)</u>	
<i>Balance following Share Consolidation</i>	<u>32,500,000</u>	
Shares Issued on 31 December 2016	2,530,000	
Balance at the end of the period	<u>35,030,000</u>	
 (b) Reserves		
	31 December 2015	30 June 2015
Balance at beginning of period	20,000	-
Option Reserve	15,000	-
Prepayment for application for shares converted to shares on 3 July 2015	(20,000)	20,000
Balance at the end of the period	<u>15,000</u>	<u>20,000</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

NOTE 6: Company Options

	Six months to December 2015 \$
<i>(a) Company Options</i>	
<i>Movements in Options on issue</i>	No.
Balance at beginning of period	-
Options issued on 23 November 2015	5,657,000
<i>Sub Total</i>	<u>5,657,000</u>
Less Option Consolidation effective 18 December 2015	(4,170,000)
<i>Balance following Option Consolidation</i>	<u>1,500,000</u>
Balance at the end of the half year	<u>1,500,000</u>

NOTE 7: CASH AND CASH EQUIVALENTS

	31 December 2015 \$	30 June 2015 \$
Cash at hand and in bank	505,690	48,133
	<u>505,690</u>	<u>48,133</u>

Cash at bank earns interest at floating rates based on daily deposit rates.

The Company did not engage in any non-cash financing activities for the half year ended 31 December 2015.

NOTE 8: FINANCIAL LIABILITIES

	31 December 2015 \$	30 June 2015 \$
<i>Trade and other payables</i>		
Accounts Payable	83,614	17,940
Company Loan - AIM	53,128	30,753
Other	9,932	-
Superannuation Payable	6,534	1,320
Sub Total	<u>153,208</u>	<u>50,013</u>
<i>Pre-Payments</i>		
Funds received as deposits / pre-payments for Small Format Printers	237,966	199,967
Sub Total	<u>237,966</u>	<u>199,967</u>
Total	<u>391,174</u>	<u>249,980</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

NOTE 9: SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 8 March 2016, 2,470,000 (post consolidation) fully paid ordinary shares were issued at circa \$0.16 to raise \$395,200.

On 8 March 2016, 2,000,000 (post consolidation) fully paid ordinary shares were issued at circa \$0.10 to raise \$200,000.

On 16 March 2016, a Notice of General Meeting was sent to Shareholders calling a meeting of shareholders to be held on 11 April 2016.

On 23 March 2016 the Company was converted to a public Company and changed the Company name to Aurora Labs Ltd.

On 11 April 2016 Messrs Paul Kehoe and Hendrikus Herman were appointed to the board as Non-Executive Chairman and Non-executive Director respectively.

On 11 April 2016 the Company held a General Meeting of Shareholders to approve various resolutions in preparation for the proposed Initial Public Offering of securities and the issue of Company securities.

On 10 May 2016 the Company issued the following securities:

- 4,250,000 Options were issued for nil consideration on the same terms and conditions as existing Options, being exercisable at \$0.20 on or before 31 December 2018.
- 500,000 Shares issued for nil consideration, to Alto Capital or nominees as per the Alto Capital Mandate Agreement.
- 1,000,000 Performance Shares issued for nil consideration, to Alto Capital or nominees as per the Alto Capital Mandate Agreement, split between Class A, B & C Performance Shares as follows:
 - a. 300,000 Class A Performance Shares;
 - b. 337,500 Class B Performance Shares; and
 - c. 362,500 Class C Performance Shares.

NOTE 10: DIVIDENDS

The directors of the Company have not declared any dividend for the half year ended 31 December 2015.

NOTE 11: COMMITMENTS

As at the balance date, the Company has the following material commitments relating to Pre-Sold Small Format Printers:

- o The Company pre-sold 28 Small Format Printers at discount rates to various non-related parties as part of a crowd-funding initiative. In total a liability of \$237,966 has been recognised on the balance sheet which corresponds to funds received from these pre-sales. The Company has an obligation to either a) deliver a commercial version of the pre-sold Small Format Printer for each pre-sold machine or b) if the Company is unable to deliver commercial Small Format Printers to cover the pre-sold machines then the funds received will have to be returned to the customers.
- o The Company has developed a working prototype of the Small Format Printer and since the end of the period has started building 5 Beta Small Format Printer units for testing. Following the testing of the Beta units the Company aims to manufacture commercial Small Format Printers and fulfil the orders.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

Note 11: Commitments Cont.

As at the date of this report, the Company has the following material commitments in relation to the proposed Initial Public Offering. The Company has entered into various material contracts in relation to the proposed Initial Public Offering of the Company and has incurred commitments as follows:

- Alto Capital: Lead Manager Capital Raising Mandate
 - The Company has engaged Alto Capital to act as the Lead Manager for the proposed IPO. Alto Capital are entitled to earn the following fees:
 - \$5,000 monthly retainer;
 - 6% stamping fees on all funds raised up to \$3,400,000;
 - \$50,000 fee on the successful IPO of the Company;
 - 1,500,000 Shares (500,000 following a successful seed raising and 1,000,000 following a successful IPO);
 - 1,000,000 Performance Shares (following a successful seed raising); or
 - A 1% fee on any alternative capital raising to a significant third party.
- Jackson McDonald Engagement
 - The Company has engaged Jackson McDonald to act as the Company solicitors for the proposed IPO. This engagement is for a fixed fee of \$60,000 plus GST.

DIRECTORS' DECLARATION

The directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Noted 1 to the financial statements.

In the opinion of the directors of Aurora Labs Ltd (the 'Company' or 'Aurora'):

1. The financial statements and notes thereto, as set out on pages 7 to 17, are in accordance with the Corporations Act 2001 including:
 - a. giving a true and fair view of the Company's financial position as at 31 December 2015 and its performance for the period then ended in accordance with the accounting policies discussed in Note 1 to the financial statements; and
 - a. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent outlined in Note 1; and
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Mr David Budge

Managing Director

Dated this 19 May 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Aurora Labs Ltd

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year special purpose financial report of Aurora Labs Ltd, which comprises the statement of financial position as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review which is not an audit, we have not become aware of any matter that makes us believe the financial report of Aurora Labs Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complies with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

Basis of accounting

Without modifying our conclusion, we draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Emphasis of Matter

Without qualification to the conclusion expressed above, we draw attention to Note 1 to the financial report which indicates that the Directors anticipate that a further equity raising will be required.

Should this equity raising not be completed, there is a material uncertainty that may cast significant doubt as to whether the Company will be able to continue as a going concern and be able to realise its assets and extinguish its liabilities in the normal course of business.



HLB Mann Judd
Chartered Accountants



N G Neill
Partner

Perth, Western Australia
19 May 2016